

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

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In re:	:	
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THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	Title III
	:	
as representative of	:	Case No. 17-BK-3283 (LTS)
	:	
THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i> ,	:	(Jointly Administered)
	:	
Debtors. <sup>1</sup>	:	
	X	

**STATEMENT AND RESERVATION OF RIGHTS OF OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS REGARDING PROPOSED ORDER  
AND JUDGMENT CONFIRMING SEVENTH AMENDED TITLE III JOINT PLAN OF  
ADJUSTMENT OF COMMONWEALTH OF PUERTO RICO, *ET AL.***

To the Honorable United States District Judge Laura Taylor Swain:

The Official Committee of Unsecured Creditors (the “Committee”)<sup>2</sup> respectfully submits this statement and reservation of rights (the “Statement”) regarding the *Proposed Order and Judgment Confirming Seventh Amended Joint Title III Plan of Adjustment of the Commonwealth*

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<sup>1</sup> The Debtors in these Title III cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233 (LTS)) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> The Committee is the official committee of unsecured creditors for all Title III Debtors, other than PBA and COFINA.

of *Puerto Rico, et al.* [Docket No. 18447] (the “Proposed Confirmation Order”).<sup>3</sup> In support of this Statement, the Committee respectfully states as follows:

**STATEMENT AND RESERVATION OF RIGHTS**

1. As discussed in the statement and reservation of rights the Committee filed on October 19, 2021 (the “October 19 statement”),<sup>4</sup> the Committee supports confirmation of the Plan to the extent it reflects the terms of the letter agreement, dated as of July 12, 2021, between the Committee and the Oversight Board (the “Committee Agreement”). The Committee supports entry of the Proposed Confirmation Order on the same basis. The Committee submits this Statement because the Committee continues to discuss the terms of the Proposed Confirmation Order and related documents with the Oversight Board, and, while the Committee expects all open issues relating to these documents to be resolved consensually, the Committee, out of an abundance of caution, reserves its right to be heard at the Confirmation Hearing regarding any unresolved issues that may remain at that time.

2. The Committee has, to date, worked diligently to conclude its discussions with the Oversight Board, including by providing comments to the Proposed Confirmation Order and by working to finalize drafts of (i) the Avoidance Actions Trust Agreement and (ii) a separate draft agreement addressing the oversight role of two Committee representatives on the Avoidance Actions Trust Board with respect to the claims reconciliation process in accordance with Section 82.1 of the Plan (the “Claims Reconciliation Process Agreement”). By the time of this filing,

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<sup>3</sup> Capitalized terms used but not defined herein have the meanings set forth in the *Seventh Amended Joint Title III Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* [Docket No. 17627].

<sup>4</sup> See *Statement and Reservation of Rights of Official Committee of Unsecured Creditors Regarding Seventh Amended Joint Title III Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* [Docket No. 18589].

however, these issues have not yet been fully resolved,<sup>5</sup> nor have the Avoidance Actions Trust Agreement and the Claims Reconciliation Process Agreement been finalized.<sup>6</sup>

3. The Committee does not fault the Oversight Board for these matters remaining unresolved prior to today's deadline to object to the form of the Proposed Confirmation Order. The Committee understands that the Oversight Board is dealing with many other pressing issues relating to Plan confirmation at this time, and the Committee has no reason to believe that the parties will not continue and finalize their discussions relating to all open items in short order. Until the remaining open issues are resolved, however, the Committee must reserve its right to object to the terms of the Proposed Confirmation Order, the Avoidance Actions Trust Agreement, the proposed Claims Reconciliation Process Agreement, and all related documentation at the Confirmation Hearing in accordance with the terms of the Committee Agreement.

*[Remainder of page intentionally left blank.]*

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<sup>5</sup> Among the issues the Committee raised with the Proposed Confirmation Order are that: (i) it should incorporate certain language from the Plan regarding the funding of the GUC Reserve, (ii) it should incorporate certain language from the Avoidance Actions Trust Agreement and the proposed Claims Reconciliation Process Agreement regarding indemnification and exculpation of the Avoidance Actions Trustee, the Committee's appointees to the Avoidance Actions Trust Advisory Board, and related parties, (iii) certain revisions are necessary to reflect that the Committee will continue to exist after the Effective Date for limited purposes, (iv) the parties need to decide which entity will hold the GUC Reserve, and (v) the Oversight Board has not yet provided to the Committee a draft of the proposed findings of fact and conclusions of law incorporated by the Proposed Confirmation Order.

<sup>6</sup> The parties have exchanged multiple drafts of the Avoidance Actions Trust Agreement, and the Committee believes that the form of such agreement has now been agreed upon in most material respects. The Oversight Board has informed the Committee that it does not believe a separate Claims Reconciliation Process Agreement is necessary and has instead indicated that it would address issues relating to such agreement through revisions to the Proposed Confirmation Order.

Dated: October 22, 2021

By: /s/ Luc A. Despins

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